

Message Text

FNYI5:C/S"&
XZHD0ZSD@9/T4A|MDM@'1L_M
:@!P@K
-8XR@KN
S
BI))G;A|GP :@.-B!S= D">VAM4U@K(3\$">5JN SQ"4G6)QF!AF8W "!"8!AFP9D)G

7GPS 7;PD&C JC(?C7PT./
9FIFC9Q M JN"M @(.Q,F86)! <A_ F+F<U9QT!5!BA<
(8
ZQFEQK(6*';RB0=42RU/W)_FNRK?RG(
A'BIA@KQ!U' # #I) MN)!D|J#1WH_Q_HQ4H.Q?U2SH:F6*<T!H?
*

H.5MP/TF,/GM(*5(
*E'J:HSQJ\$)_HTS!KR#+/K+
FQ"P5J\$RCCS5N|RY)0FDU!\$B5;4ZSH0;WHP2NF!T"
9 N 22KF;\$RG_R+YE6&'AB@
A(WP<, CE.6
YG_K P-Z, \$,CD#<M!N

HEX,#P9W E4<*J*'"<RB#0!E.
W;D(O*(\$KP!EZR!/YFPC?(J5X?N7C Q,2)P 2=A(?A*>V)0(<QF0C@FAHPFTWA-
#I\$_DMN.#
&_00HEF6-+JUFP"/A&W)@B9F 9/W!E.
W;T-).5QD+/@TQ
8@)0 CR
P0HR|0.*2R*.A,F*#(_ZE_T!H,G,_.57*E?WT,(
(KU 6ZF0*E?W/, *C(O#</(J?+P M'W)AAU*)0! JU0KU@#M)U3E-78T#Z_H@P>5J* CH(6*
(8"_%\$MP7*E APKYTR/P!
6HE6ZFG##*+
\$YEGF(.
HV4
8CM)Q0Z48LCQ@G"P"R8BC2
T6Q\$>Q WFF
A<PF"N(F0A/ 9-"RP4W;AH!@N4<*)K:?U09W+TXQ)G9W/?6"/W0W&N7(|6)|6.&@I5:SXR"B#M R3>IT_E_B5_,KPQE*0AN&Q1@6>D DXUA9A-
U4T)8=,FJK<-W7"#A\$752URQ69@IUH#UBQQE6XK*I_@E_?T9Q/ 9O';|6)6+

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PAGE 01 WELLIN 01090 02 OF 02 202248Z

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ACTION EA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 TRSE-00 XMB-04 OPIC-06 SP-02 CIEP-02

LAB-04 SIL-01 OMB-01 DODE-00 PM-03 H-02 L-02 NSC-05

PA-02 PRS-01 SS-15 USIA-15 INT-05 FEA-01 ERDA-07

STR-04 FPC-01 OES-05 /119 W

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R 202140Z APR 75

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 9527

UNCLAS SECTION 2 OF 2 WELLINGTON 1090

(E) EXISTING REFUNDS ON TAXES ON FUEL FOR VEHICLES ARE TO BE RESTRICTED TO FUEL USE FOR PRODUCTIVE PURPOSES ONLY. FARMERS WILL CONTINUE TO QUALIFY, PLEASURE-BOAT OWNERS WILL NOT. (APPROPRIATE LEGISLATION WILL BE INTRODUCED TO GIVE EFFECT TO THE TWO MEASURES CITED IN (D) AND (E).)

(F) GREATER USE OF PUBLIC TRANSPORTATION FACILITIES WILL BE EXPLORED. GOVERNMENT AGENCIES WILL IMPLEMENT FUEL SAVING MEASURES.

(G) MAXIMUM LIMITS OF HEATING AND LIGHTING LEVELS IN ALL GOVERNMENT-OWNED AND OPERATED BUILDINGS WILL BE REDUCED.

7. MR. FREER PREDICTED THAT RELIANCE ON IMPORTED ENERGY WOULD FALL FROM TODAY'S 61 PER CENT TO BETWEEN 20 AND 30 PER CENT IN THE NEXT 10 YEARS. GAS FROM THE NEW MAUI AND EXISTING KAPUNI FIELDS WOULD CONTRIBUTE MUCH TO CUT IMPORTED ENERGY. MR. FREER NOTED THAT ACTUAL INCREASE IN SALES OF PETROLEUM PRODUCTS IN THE 1974 YEAR WAS ABOUT 3.5 PER CENT INSTEAD OF THE EXPECTED 11 PER CENT.

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PAGE 02 WELLIN 01090 02 OF 02 202248Z

8. COMMENTS ON THE CONFERENCE RANGED FROM GENERALLY FAVORABLE TO MILDLY CRITICAL. ONE RATHER TYPICAL COMMENT WAS THAT DELEGATES TO THE MEETING "MAILY PUSHED THEIR OWN BARROWS" AND "MORE QUESTIONS WERE ASKED THAN ANSWERED". AMONG THE MORE THOUGHT PROVOKIN COMMENTS THE FOLLOWING MIGHT BE NOTED:

PROFESSOR BROWNLEE, CHAIRMAN OF THE MONETARY

AND ECONOMIC COUNCIL, POINTED OUT THAT THE CONSUMER PRICE INDEX (CPI) WAS NOT A RELIABLE BASIS ON WHICH TO MAKE WAGE POLICIES. INSTEAD OF LOOKIN AT WAGE EARNERS AS AN ENTITY MORE CONSIDERATION SHOULD BE GIVEN TO PARTICULAR GROUPS WITHIN THE WHOLE. PROFESSOR BROWNLEE SUGGESTED A "ADVENTUROUS BUDGET" IN WHICH CONSUMER SUBSIDIES ON A NUMBE OF ITEMS ARE REMOVED AND GROUPS MOST DISADVANTAGED BY THIS ACTION RECOMPENSED THROUGH HIGHER PENSION PAYMENTS.

PROFESSOR PHILPOSS OF VICTORIA UNIVERSITY ALSO ATTACKED THE CURRENT PRICE INDEX METHOD FOR WAGE POLICY MAKING. HE URGED THE GOVERNMENT TO USE PRICES AS AN ECONOMIC TOOL AND ADVISED A TARIFF ON IMPORTS TO DAMPEN DEMAND AND FORCE LOCAL SUBSTITUTION.

L.C. BAYLIES, ECONOMIST FOR THE BANK OF NEW ZEALAND, GENTLY CHIDED THE GOVERNMENT FOR ITS METHOD OF INFORMING THE PUBLIC ON THE ECONOMIC SITUATION, USING A CONFERENCE OF COMMUNITY LEADERS AS A SOUNDING BOARD. HE SAID, IN EFFECT, THAT THIS INFORMATION SHOULD BE PUT IN LAYMEN'S LANGUAGE AND EXPLAINED AND DISCUSSED IN THE FACTORIES, ON THE WHARVES AND IN THE STREETS WITH THE AVERAGE CITIZEN.

A NUMBE OF COMMENTATORS VIEWED THIS SUGGESTION AS VALID GIVEN THE GOVERNMENT'S PURPOSE TO GET THE COMMUNITY BEHIND IT ON NEW POLICIES.

9. COMMENT:
THE GENERAL RUN OF COMMENTS OTHER THAN THOSE NOTED ABOVE WERE
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PAGE 03 WELLIN 01090 02 OF 02 202248Z

BASICALLY A RERUN OF STATEMENTS BEING MADE BY THE DIFFERENT SECTOR LEADERS. THERE IS A BISIS FOR QUESTIONING WHETHER THIS CONFERENCE/ SEMINAR TECHNIQUE HAS ADEQUATELY SERVED ITS PURPOSE. NEARLY ALL PARTICIPANTS REPRESENTED SPECIAL INTEREST GROUPS, THEIR PARTICIPATION IN THE MEETING WAS MORE ALONG THE LINE OF PUSHING INTERESTS OF THE PARTICULAR GROUP THEY REPRESENTED. IN ASSESSING THE RESULTS ONE EDITORIAL CORRECTLY COMMENTED, "RATHER THAN A MEETING OF MINDS A MEETING OR PREJUDICES RESULTED. BUT ALL WERE TRYING TO RECONCILE THEMSELVES TO THE NATIONAL INTERESTS." THE PRESENTATIONS BY THE MINISTERS WERE MORE NOTABLE FO THEIR LACK OF POLICY CONTENT. THE REVIEW OF THE ECONOMY DID NOT REVEAL ANY SIGNIFICANT NEW FACTS THAT HAD NOT BEEN ALREADY REPEATED FOR THE PAST SEVERAL MONTHS.

ONE FURTHER UNSTATED PURPOSE FOR CALLING THE MEETING, IN ADDITION TO THOSE REASONS GIVEN BY THE MINISTERS

AS NOTED ABOVE, WAS THE LIKELY CONCERN OF THE GOVERNMENT OVER THE GROWING SPECULATION ON THE AMOUNT THAT THE GOVERNMENT WILL CUT TAXES IN THE NEW 1975-76 BUDGET IN LIEU OF WAGES AND SALARIES INCREASES TO COMPENSATE FOR INCREASES IN PRICES. THE POINT CAME THROUGH QUITE LOUD AND CLEAR DURING THE MEETING THAT TAX CUTS WOULD HAVE TO BE FAIRLY MODERATE OTHERWISE THE GOVERNMENT'S REVENUE, IN THE FACE OF SLACKENING ECONOMIC ACTIVITY, WOULD BE REDUCED SO MUCH THAT IT WOULD BE REQUIRED TO CUT BACK ON SOME OF ITS PROGRAMS OR BE FACED WITH GREATLY INCREASED DEFICIT FINANCING. THIS LABOUR GOVERNMENT WITH ITS INCREASING WELFARE BUDGETS WOULD PREFER TO AVOID MAKING THIS CHOICE NOW. THE BACK DROP FOR THIS EXERCISE WAS THE NOVEMBER ELECTIONS. THE TEMPTATION TO AVOID ANY GOVERNMENT ACTION WHICH MIGHT BE UNPOPULAR AND TO GIVE IN TO PROPOSALS WHICH MIGHT GAIN VOES (REGARDLESS OF WHETHER THEY MIGHT BE ECONOMICALLY UNWISE) WAS EVIDENT. A POLICY OF FULL EMPLOYMENT IN THE FACE OF CONTINUING INFLATION AND AN ADVERSE BALANCE OF TRADE COMPENSATED FOR BY CONTINUED HIGH BORROWING, IS A DIFFICULT JUGGLING ACT TO KEEP UP FOR VERY LONG AND STILL WIN AN ELECTION. KILLGORE

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Message Attributes

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